

U. S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention of:	NOTICE PIH 2000-38 (HA)
-----------------------	-------------------------

Secretary's Representatives;	Issued: August 21, 2000
------------------------------	-------------------------

State/Area Coordinators;	
--------------------------	--

Public Housing Directors;	Expires: August 31, 2001
---------------------------	--------------------------

Housing Agencies	
------------------	--

Cross References

OMB Circular A-110, OMB Circular
A-102; Resident Initiatives Grant
Management Handbook (7490.01)
Notice 97-51, Notice 98-60
24 CFR 85.50, 24 CFR 84.71
24 CFR 761.35

Subject: Performance Reporting Requirements and Grant Closeout Procedures for the Public Housing Drug Elimination Program (PHDEP)

I. Purpose

The purpose of this Notice is to clarify the procedures to be followed by housing agencies in complying with performance reporting and monitoring requirements and in closing out a grant agreement for the PHDEP.

II. Background

In accordance with Code of Federal Regulations (CFR) at 24 CFR 761.35, recipients of PHDEP funds are required to manage and monitor the day-to-day operations of the grant and subgrant activities to assure compliance with applicable Federal requirements and achievement of performance goals. Recipients of PHDEP funds are required to report the performance (narrative and financial) of approved activities for each grant on a semi-annual basis and to report final performance (narrative and financial) at the end of the grant term.

The Code of Federal Regulations (CFR) at 24 CFR 85 establishes uniform grant requirements, including closeout procedures for state and local governments and subgrantees administering federal grants and applies to public housing agencies.

III. Performance Reporting Requirements

All recipients of PHDEP grants are required to submit a semi-annual performance report and a semi-annual financial status report (SF 269A) for each open and active grant (“open and active” refers to any grant not closed-out and any grant for which activities were undertaken during the reporting period). Semi-annual performance reports must be submitted by July 30th for the January-June reporting period and by January 31st for the July-December reporting period. The semi-annual performance reports must be submitted electronically **by Public Housing Agencies**. Upon access to the PHDEP web site, performance reports are to be transmitted through the PHDEP Semi-Annual Performance Reporting System (known as DERS). PHDEP grant funds will be **suspended** if reports are not received by the local Field Office by the deadline. The DERS will not accept the submission of electronic performance reports after the deadline unless approval, under special circumstances, and notification has been provided by HUD’s Community Safety and Conservation Division (CSCD).

The semi-annual financial status report (SF269A - not an electronic submission) must be submitted to the appropriate Field Office on or before the above referenced deadlines (July 30th and January 31st). As noted above, delinquent reports will result in the **suspension** of PHDEP funds.

IV. Monitoring and Evaluating Report Submissions

The DERS has been established, in part, to ensure a more uniform approach to performance reporting, data collection and analysis of the overall effectiveness of the PHDEP. To ensure that these goals are met, a 100% submission rate by grantees is required. Providing effective oversight to assure that grantees comply with the PHDEP regulations and meet this target is the responsibility of local Field Offices.

The local Field Offices are responsible for monitoring the submission of reports (performance and financial status reports) in advance of the deadline. This action allows Field Offices to work proactively with **public housing agencies** to ensure timely submissions, to identify potential problems with respect to submissions, and to work with CSCD Desk Officers in situations where extraordinary circumstances may arise. Any extraordinary circumstances identified by Field Offices must be documented and a copy of the narrative should be provided to the respective CSCD Desk Officer in cases where intervention may be warranted.

The local Field Offices are responsible for reviewing reports to ensure completeness and accuracy and to reconcile financial status reports with expenditures and obligations identified in the Line of Credit Control System (LOCCS). It is the responsibility of the local Field Office to acknowledge the receipt of reports utilizing the LOCCS (Screen M10), to identify all delinquent reports and utilizing LOCCS to indicate that report(s) are outstanding. Grantees with outstanding reports must be notified by the Field Office of their non-compliance (in writing) with the executed grant agreement and the requirement to **“suspend”** payments through the LOCCS until semi-annual report(s) are submitted. The **suspension**

in LOCCS may only be removed upon consultation with and approval by CSCD to accept late submissions. The format and method for submitting late reports **through DERS** will be determined by CSCD.

CSCD Desk Officers will also monitor the submission of reports in order to identify grantees that are in non-compliance as well as to identify patterns of non-compliance. As noted in Public Housing Reform Act, Section 586(b), “one-year renewable grants shall be contingent upon the Secretary finding, upon an annual or more frequent review, that the grantee agency is performing under the terms of the grant and applicable laws in a satisfactory manner and meets such other requirements as the Secretary may prescribe.”

V. Close-Out Actions by Grantees

Upon the completion of approved grant activities or no later than 90 days after the grant termination date (or revised termination date based on an approved extension or early termination by HUD for cause), grantees are required to submit an electronic “Close Out Report” through the DERS. In the event that the “Closeout” of grant activities occurs between reporting cycles, grantees should notify their field office (in writing) and submit the “Closeout” report in the next semi-annual reporting cycle.. (It should be noted that the complete close out process is contained in Section VI of this Notice.) This report can be utilized in meeting the requirements found at 24 CFR 761.35 and 24 CFR 85 for the submission of a “Final Performance Report” and the “Post Grant Report” identified in the Resident Initiatives Grant Management Handbook (7940.01). In order to meet these requirements, the DERS “Close Out Report” must cover the entire term of the grant and contain the information identified below. Currently, the DERS only provides two sections (“Problems Encountered” and “Success Stories/Best Practices”) in which to capture narrative descriptions/analysis for each grant that is scheduled to be closed out. Therefore, the additional narrative information required by regulations are to be included in the two sections referenced. Please note that the DERS has a capacity of 1200 characters per section, therefore, grantees must be concise in developing a narrative analysis. Future enhancements to the DERS will incorporate the required narrative sections to the “Close Out Report”.

Problems Encountered

1. An evaluation of the grantee’s overall performance against its plan;
2. Any change or lack of change in crime or other indicators drawn from the applicant’s plan assessment and an explanation of any difference;
3. A discussion of any problems encountered in implementing the plan and how they were addressed and;
4. Any change or lack of change in crime or other indicators drawn from the applicant’s plan assessment and an explanation of any difference.

Success Stories/Best Practices

1. Successful completion of any strategy component identified in the grant's plan;
2. A discussion of the grantee's efforts in encouraging resident participation and;
3. A description of any other programs that may have been initiated, expanded or deleted as a result of the plan, with an identification of the resources and the number of people involved in the programs and their relationship to the plan.

In addition to the "Close Out Report", grantees are required to submit a final financial status report (SF 269A). This report will be a cumulative summary, from the date of the grant agreement to the termination date of the grant agreement, and include expenditures to date and the exact balance of unexpended funds. This report must be submitted to the local HUD office within 90 days of the termination of the grant (or upon completion of approved grant activities).

Grantees must ensure that the PHDEP program (scheduled to be closed out) is included as part of the housing agency's overall independent public audit. The independent auditor verifies that all PHDEP expenditures were authorized and determines if the grantee owes or is due any funds for the grant period. Upon completion and issuance of the audit report, a copy must be provided to the local Field Office. Any PHDEP-related findings contained in the audit report must be resolved by the grantee in cooperation with local Field Offices.

VI. Close Out Actions by Field Offices

The Director, Office of Public Housing is responsible for all administrative actions and controls necessary for a timely closeout of PHDEP grant agreements. To ensure that all closeout requirements are met, the following actions shall be taken:

1. At least 60 calendar days (45 days for grants terminated for cause) before the grant termination date, the Field Office shall review the grant file and DERS and shall remind grantees of:
 - the grant termination date;
 - time limits on the expenditure of funds;
 - reporting submission requirements and;
 - records retention requirements
2. No later than 90 calendar days after the grant termination date, Field Offices will review the contents of the official grant file against the closeout requirements and:
 - Make sure all required reports have been received. If not, notify grantee of overdue reports and grant closeout requirements. Enforcement of regulatory requirements are detailed in CFR Part 85.43.
3. No later than 120 calendar days after receipt of the final reports, the Field Office shall

review reports to ensure that:

- a. The final narrative report or “Close Out Report” reflects completion of the program with respect to the purpose of the activities authorized;
- b. The final financial status report (SF 269A) is analyzed to determine if the amounts are in excess of the budgeted amounts approved for the project activities (these amounts must be reconciled). The amount of funds approved and drawn down, as reflected in LOCCS, shall be reconciled with the expenditures as reported on the SF 269A. Notify the grantee (in writing) that any excess funds are to be remitted immediately to HUD by wire transfer (for amounts equal to or greater than \$2,000) or by check for lesser amounts (payable to U.S. Department of HUD). If all authorized funds have not been drawn, the remaining funds shall be de-obligated (recaptured).

Once the final financial status report (SF269A) has been approved, the Field Office shall issue a close out letter to the grantee along with an executed grant agreement amendment (HUD 1044). The grant agreement amendment will reflect the amount of excess funds remitted or the amount of funds de-obligated (recaptured). These documents along with the approved SF269A shall be forwarded to the CFO Accounting Center (Ft. Worth, TX). The CFO will establish an account receivable for any amount due to HUD or de-obligate (recapture) any unused grant funds as applicable. The Field Office shall enter a “pre-audit” date into LOCCS upon approval of the final reports.

At the next audit of the grantee, the independent auditor’s report must be reviewed by the field Office to determine if there were any findings related to the grant. Government auditing standards will determine the extent of audit procedures performed on this grant and the reports, if any, required of the auditor. Any findings identified with respect to PHDEP shall require follow-up and action by the Field Office to include setting up an account receivable for unallowed costs or paying the grantee for allowed costs still due. Both of these actions must be done through the CFO. If there are no findings contained in the report, the Field Office shall send a letter to the CFO instructing them to enter the post-audit end date without any further modifications.

VII. Records Retention

Grant files should be established and maintained for each grantee by Field Offices and remain at the official file stations for one year after final payment. Files may be retired to the Federal Records Center (FRC) any time after the one year period. The disposition of scheduled program records shall be in accordance with the current issue of HUD Handbook 2225.6, HUD records disposition schedules.

VIII. Paperwork Reduction Act Statement

The information collection requirements contained in this notice have been approved by the Office of Management and Budget under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), and assigned OBM control number 2577-0124. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

/s/
Harold Lucas, Assistant Secretary
for Public and Indian Housing